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October 13, 1994

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BY HAND DELIVERY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
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Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

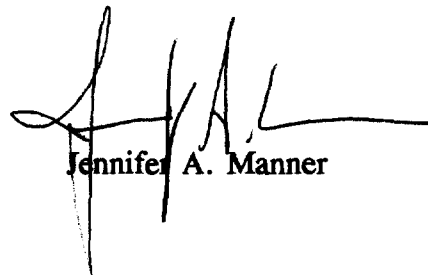
Re: In the Matter of
Equal Access and Interconnection Obligations
Pertaining to Commercial Mobile Radio Services
CC Docket No. 94-54 RM-8012

Dear Mr. Caton:

Enclosed for filing on behalf of RVC Services, Inc. d/b/a Coastel Communications Co. are the original and four copies of the Reply Comments of RVC Services, Inc. in the above-referenced proceeding.

Questions or correspondence with respect to this matter should be directed to the undersigned.

Very truly yours,


Jennifer A. Manner

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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OFFICE OF THE SECRETARY

In the Matter of)
)
Equal Access and Interconnection)
Obligations Pertaining to)
Commercial Mobile Radio Services)

CC Docket No. 94-54
RM-8012

REPLY COMMENTS OF RVC SERVICES, INC.

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OFFICE OF THE SECRETARY

In the Matter of)	
)	
Equal Access and Interconnection)	CC Docket No. 94-54
Obligations Pertaining to)	RM-801233
Commercial Mobile Radio Services)	

REPLY COMMENTS OF RVC SERVICES, INC.

I. INTRODUCTION

RVC Services, Inc., d/b/a Coastel Communications Company ("Coastel"), by its attorneys and pursuant to Section 1.415 of the Commission's Rules, submits the following reply comments in response to the Notice of Proposed Rule Making and Notice of Inquiry ("NPRM") released by the Federal Communications Commission ("FCC or Commission") in the above-captioned proceeding.¹ The proceeding seeks comments on whether equal access obligations should apply to cellular telephone licensees and on the FCC's proposal for rules for interconnection from local exchange carriers ("LECs") to commercial mobile radio services ("CMRS") providers. The NPRM also seeks comments on whether the FCC should adopt rules requiring CMRS providers to provide interstate interconnection to other CMRS providers.

Coastel is the licensee of the radiotelephone cellular system serving the Gulf of Mexico Service Area. Coastel has a customer base that is much smaller than the subscriber base of most of the cellular radiotelephone operators in the United States. As will be

¹ Reply comments in this proceeding were originally due on September 29, 1994. On August 11, 1994, the Commission adopted an Order extending the comment deadline to September 12, 1994 and the reply comment deadline to October 13, 1994.

demonstrated below, the FCC should adopt an exemption for small systems from any equal access obligations imposed on cellular carriers. Coastel proposes that the FCC define a small system subject to the exemption as a cellular carrier who serves less than 1,000 subscribers in its Cellular Geographic Service Area ("CGSA").

II. DISCUSSION

In the NPRM, the FCC tentatively concludes that it should impose equal access obligations on all licensees of cellular radiotelephone systems. See NPRM, at 19. Coastel disagrees with this tentative conclusion. Coastel supports the comments filed on September 12, 1994, by the Rural Cellular Association ("RCA"), the National Telephone Cooperative Association ("NTCA"), Triad Cellular ("Triad"), the Small Market Cellular Operators ("SMC"), Horizon Cellular Telephone Company ("Horizon"), Point Communications Company ("Point"), Michael B. Azeez ("Azeez") and Century Cellunet, Inc. ("Century"), insofar as they advocate an exemption from all equal access obligations for cellular carriers that operate in rural and/or low density areas or that have a small subscriber base. See RCA Comments at 6-8; NTCA Comments at 3-4; Triad Comments at 8-9; SMC Comments at 4-6; Horizon Comments at Attachment, 4-5; Point Comments at 1-4; Azeez Comments at 1-9; and Century Comments at 4-12. If the Commission decides to impose mandatory equal access obligations on cellular carriers, Coastel urges the FCC to adopt a small system exemption for cellular operators that serve 1,000 subscribers or less in their CGSAs.

If the Commission fails to craft an exemption from mandatory equal access obligations for small cellular systems, the affected cellular carriers and their subscribers will be adversely affected. The Commission itself recognized in the NPRM that "the costs of

implementing equal access may be so high that it could force some smaller carriers out of the market, thereby reducing competition." NPRM, at 19. Coastel agrees with the FCC's statement. The costs associated with implementation of equal access obligations on small cellular systems outweigh any public interest benefits resulting from the imposition of equal access requirements on small cellular systems.

While recognizing that there are certain significant benefits to be derived from the imposition of equal access requirements on cellular providers, the Commission has neglected to fully examine the effect of the costs of equal access on small cellular systems. In order to implement equal access requirements, cellular carriers will be forced to allocate significant sums of money to upgrade their networks. The economic impact on small cellular systems will be especially severe because many small system operators will be required to incur significant expenditures for various system modifications such as software upgrades, switch replacement, changes to service order systems, development of balloting procedures, and deployment of extra trunks. See Century Comments at 4-5; RCA Comments at 6-8; see also Saco River Cellular Telephone Company Comments at 3-4; and Western Wireless Corporation Comments at 5. In addition, in order to implement equal access obligations, additional funds will be required to be expended by many cellular carriers for consumer education and employee training. For example, in Coastel's particular case, the required switching upgrade to comply with equal access requirements will be in excess of hundreds of thousands of dollars. The total cost for Coastel will be in excess of \$1,000,000. This amount is an excessive monetary burden for a small cellular system to bear.

Importantly, as several commenters note, imposing mandatory equal access on small

systems would produce few, if any, consumer benefits. See e.g., Century Comments at 7-12; Highland Cellular, Inc. Comments at 2-3 ("Highland Comments"); and Point Comments at 2. Given the state of current technology and dialing features, imposing equal access obligations on small systems will not greatly improve customer choice or access to long distance networks since many cellular operators already provide access to the interexchange carrier of the consumer's choice. See Century Comments at 7-8; Highland Comments at 2; and SMC Comments at 4. Thus, in many situations, equal access requirements would merely add the convenience of one plus dialing. SMC Comments at 4; and Point Comments at 3. Coastel expects that most consumers would not choose this additional feature because of higher rates. SMC Comments at 4-5. In addition, the adoption of equal access obligations on small cellular systems would not have an appreciable effect on long distance rates.

Coastel believes that the imposition of equal access requirements on small cellular systems, in fact, would be detrimental to the public interest. Because of the costs associated with implementing imposing equal access obligations, small cellular systems would be disadvantaged and will be hindered in their ability to compete with larger carriers in the same market. See Point Comments at 2. Furthermore, these costs ultimately are likely to be passed onto cellular subscribers. Id.

The adoption of a small cellular system exemption is consistent with past Commission practice and the public interest. For example, small independent landline telephone companies are only subject to equal access obligations when there is a bona fide request from an interexchange carrier. See NTCA Comments at 3. Additionally, the FCC has provided

regulatory relief in certain circumstances in order to reduce administrative burdens for cable systems with 1,000 or less subscribers. See Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992: Rate Regulation, FCC 94-38, at 104-114 (released March 30, 1994). For example, the FCC permits small cable systems to reduce their rates under a streamlined approach instead of using the more burdensome benchmark methodology. Clearly, similar concerns exist in the cellular radiotelephone business that warrant the creation of an exemption for small cellular systems from mandatory equal access obligations imposed on cellular operators.

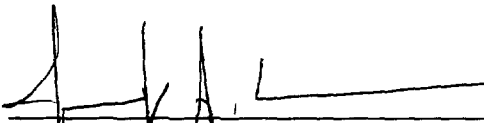
III. CONCLUSION

For the foregoing reasons, RVC respectfully submits requests that if the Commission imposes mandatory equal access requirements on cellular radiotelephone operators, the public interest would best be served by the creation of a small system exemption for operators serving less than 1,000 subscribers in their CGSAs.

Respectfully Submitted,

RVC SERVICES, INC.

By:

A handwritten signature in black ink, appearing to read 'Tom W. Davidson', is written over a horizontal line.

Tom W. Davidson, P.C.

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October 13, 1994

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FCC Information Office**

CERTIFICATE OF SERVICE

I, Eileen O'Hara, an employee of Akin, Gump, Strauss, Hauer & Feld, L.L.P., certify that copies of the foregoing **REPLY COMMENTS OF RVC SERVICES, INC.** were sent via Hand Delivery or by First Class United States mail, postage pre-paid on this 14th day of October, 1994, to the following parties:

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Eileen M. O'Hara

* By Hand Delivery